



**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office

2 Coral Circle • Monterey Park, CA 91755

323.890.7001 • TTY: 323.838.7449 • www.lacdc.org



Gloria Molina
Mark Ridley-Thomas
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Sean Rogan
Executive Director

October 6, 2009

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

ADOPTED

BOARD OF COMMISSIONERS
HOUSING AUTHORITY

1-H

OCTOBER 6, 2009

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Commissioners:

APPROVE HEALTH PLAN CHANGES (ALL DISTRICTS) (3 VOTE)

SUBJECT

This letter recommends approval of changes to the Community Development Commission and Housing Authority's employee health benefits for the 2010 calendar year.

**IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE
COMMUNITY DEVELOPMENT COMMISSION:**

1. Find that approval of the changes to the 2010 health plans is not subject to the provisions of the California Environmental Quality Act (CEQA) because the activities are not defined as a project under CEQA.
2. Authorize the Executive Director to approve the proposed premium rates for group medical plans provided by Anthem Blue Cross of California Health Maintenance Organization (HMO) and Preferred Provider Option (PPO) and Kaiser Health Plan (Kaiser), effective January 1, 2010.
3. Approve the combined payment with the Housing Authority of the employer-paid subsidy for the 2010 calendar year to Anthem Blue Cross of California and Kaiser, at an estimated cost of \$151,000.
4. Approve and authorize the Executive Director to replace the Life, Disability and Vision Insurance plans currently provided by MetLife and Safeguard with comparable plans provided through Anthem Blue Cross of California, effective January 1, 2010.

5. Authorize the Executive Director to execute contracts and contract amendments with the above firms for the purpose described herein, to be effective January 1, 2010, following approval as to form by County Counsel.
6. Authorize the Commission to fund all health plan costs using funds included in the approved Fiscal Year 2009-10 budget and funds to be approved through the annual budget process for Fiscal Year 2010-11, as needed.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY:

1. Find that approval of the changes to the 2010 health plans is not subject to the provisions of the California Environmental Quality Act (CEQA) because the activities are not defined as a project under CEQA.
2. Authorize the Executive Director to approve the proposed premium rates for group medical plans provided by Anthem Blue Cross of California Health Maintenance Organization (HMO) and Preferred Provider Option (PPO) and Kaiser Health Plan (Kaiser), effective January 1, 2010.
3. Approve the combined payment, with the Community Development Commission (Commission), of the employer-paid subsidy for the 2010 calendar year to Anthem Blue Cross and Kaiser, at an estimated cost of \$151,000.
4. Authorize the Housing Authority to fund all health plan costs using funds included in the approved Fiscal Year 2009-10 budget, and funds to be approved through the annual budget process for Fiscal Year 2010-11, as needed.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS

The purpose of the recommended actions is to provide employees, during the 2010 calendar year, affordable health coverage that is comparable with plans offered to County employees. The current plans end on December 31, 2009.

The Board of Commissioners of the Housing Authority must approve the plan changes, because Housing Authority funds will be used to pay a portion of the benefits for Commission personnel performing Housing Authority functions.

FISCAL IMPACT/FINANCING

For the 2010 calendar year, the minimum contribution under the Flexible Benefit and Optional Benefit plans will increase by \$50 monthly from \$903 and \$645 per month to \$953 and \$695 per month, respectively, at a cost of \$288,000. These increases are provided to assist employees with the purchase of medical, dental, vision and life insurance benefits.

The employer-paid subsidy is estimated at \$151,000 for January 1, 2010 through December 31, 2010.

The current Fiscal Year 2009-10 budgets of the Housing Authority and Community Development Commission include funds for the proposed health plan changes through June 30, 2010. The next annual budget process will include funding for the remaining costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Currently, employees covered by the Flexible Benefit Plan receive an employer contribution expressed as a percentage of salary, but not less than a minimum contribution of \$903 per month. Employees covered by the Optional Benefit Plan receive \$645 per month. For 2010, the minimum contribution will increase to \$953 per month for the Flexible Benefit Plan and to \$695 per month for the Optional Benefit Plan, at an estimated annual cost of \$288,000. On October 11, 2005, your Board gave the Executive Director the authority to increase these contributions provided the amounts do not exceed the contributions for County employees. The County received approval on September 16, 2008 to increase contributions for 2009 to \$1,078 and \$809 under the MegaFlex and Flexible Benefit Plans, respectively.

Employees are currently provided with Anthem Blue Cross HMO, Anthem Blue Cross PPO, and Kaiser as employee medical plan options. During the month of August, the Commission evaluated these plans and the required cost increase for 2010, with the assistance of the Commission's group insurance broker, Alliant Insurance Services.

Negotiations with Anthem Blue Cross resulted in a premium decrease of approximately 1.1%. This decrease is due to minor plan design changes as well as moving the Commission's Vision/Life/Disability insurance plans to Anthem Blue Cross, with comparable coverage to the existing plans with MetLife and SafeGuard. Kaiser is requiring an increase of 11.1%, and remains unwilling to negotiate renewal premiums.

In an effort to help employees pay for medical insurance coverage, the Commission will continue to provide an employer-paid subsidy. This amount, totaling approximately \$151,000, plus the amount contributed by each employee, will fund the total cost of medical insurance for 2010.

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The new monthly contribution for each medical plan is provided in Attachment A.

The Chief Executive Office and County Counsel have reviewed this letter. On September 23, 2009, the Housing Commission recommended approval of the plan changes.

ENVIRONMENTAL DOCUMENTATION

This action is exempt from the provisions of the National Environmental Policy Act pursuant to Title 24 of the Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment. The action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROGRAM

The recommended actions are consistent with the principle of promoting the wellbeing of Commission employees and their families by offering comprehensive employee benefits.

Respectfully submitted,

for 
SEAN ROGAN
Executive Director

cc: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors

Attachment

Attachment AMonthly Employee Contribution for 2010

Anthem Blue Cross HMO

Employee Only	\$379.85
Employee + One	\$702.73
Family	\$900.56*

Anthem Blue Cross PPO

Employee Only	\$580.94
Employee + One	\$1,219.99
Family	\$1,650.86*

Kaiser

Employee Only	\$455.49
Employee + One	\$851.77
Family	\$988.85*

*Monthly employee contribution is the employee cost after the subsidy is applied to the actual plan cost.